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Approved For Release 2000/09/13 : CIA-RDP75B00380R000100100013-0

DI-427473

5 November 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence

SUBJECT :

STATSPEC

1. This memorandum answers your request for comments on the effect of legislation proposed by Congressman Nedzi that would "prohibit transactions between former CIA employees and the Agency above and beyond purely routine administrative matters."

2. Contract and/or Part-time Employees

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DDI-478273

5 NOV 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence

SUBJECT : Comments on Congressional Proposal

REFERENCE : Your Memorandum of 1 November 1973,
same subject

1. Passage of the proposed legislation, which would "prohibit transactions between former CIA employees and the Agency above and beyond purely routine administrative matters", would have a serious and lasting adverse impact on the activities of this Office.

2. If a "transaction" is interpreted to mean any business contact whether conducted against paid compensation or not -- and I think this is a prudent interpretation -- there are at least five areas in which our activities would be seriously affected. These are:

(1) Use of Former Staff Employees on Contract and/or on a Part-time Basis

Five of our six present independent contractor relationships are with former employees [REDACTED]

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[REDACTED]. The services of all of these persons are especially valuable because of their long experience in and detailed knowledge of our research activities. Additionally, a recent change in the regulations provides that part-time employees are to be engaged on a contract basis. Currently we have three part-time employees who, while not irreplaceable, render extremely useful service.

(2) Consultant Relationships

Of the seven consultants now under contract, four are former Agency employees [REDACTED]

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SUBJECT: Comments on Congressional Proposal

Again, the services of these four consultants are unusually valuable because of their intimate knowledge of the mission and operating methods of this Office.

(3) Use of Former Staff Employees as "Spotters" for Recruitment of Staff Employees

There are at least two or three dozen economists on the faculties of universities throughout the country who are former employees of OER. While we have no formal relationship with these persons, excepting those who are consultants, they collectively provide a valuable referral service in our employee recruitment program. We contact them freely to obtain recommendations on their students and they often volunteer in corresponding with us.

(4) Exchange with Former Employees now in Academia

This month we are sponsoring a conference on the subject of the Soviet Gross National Product. Three of the participants,

[REDACTED] are former employees, and all three of these are among the leading academic experts in this subject. In our conduct of relations with the academic community, we have long looked to former employees as an especially valuable resource.

(5) Liaison with Other US Government Agencies

Six of the senior liaison officers of the USIB and non-USIB agencies who participate in the Economic Intelligence Community

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SUBJECT: Comments on Congressional Proposal

or its subcommittees are former employees of this Agency. In no sense do I regard the EIC activities as "routine administrative matters." The present Special Assistant for Intelligence to the Secretary of the Treasury, [REDACTED], a former employee, is a daily contact of this Office. Mr. [REDACTED]

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[REDACTED] is a principal customer of and valuable contributor to our research product.

3. I believe these illustrations make it clear that the proposed legislation is not only damaging but probably unworkable. It would be unwise as well as absurd to try to enforce such a prohibition.

4. If our contacts with former employees is a major concern to Congress, an alternative approach would be to set up a periodic review procedure to inform selected Congressmen of the nature and scope of these relationships.

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[REDACTED]
MAURICE C. ERNST
Director
Economic Research

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6 November 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence
SUBJECT : Comments on Congressional Proposal

The proposed legislation quoted in your memorandum for 1 November would have appreciable adverse impact on the business of this office in each of the five ways you mention. But most serious would be the inhibiting effect on the kind of relationships we will need to develop with consultants--especially with consultants in the academic community. We would want, for example, to ask certain of them for reactions to the prospectus for one or another O/PR project and then for comments and suggestions when the first-cut draft was completed. And we would, from time to time, want their judgment on the value and applicability of various methodologies, on the worthiness of finished product, and on what targets we should attack next.

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RAMSEY FORBUSH

Director of Political Research

OP R

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5 November 1973

MEMORANDUM FOR: Associate Deputy Director for
Intelligence

SUBJECT : Comments on Congressional Proposal

1. We have reviewed the activities that would impact on OSR by the proposed legislation recommended by the Nedzi Special Subcommittee. With respect to the specific activities listed in your 1 November memorandum:

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a. OSR has only one contract employee,
[REDACTED]

b. The Office utilizes the services of eight consultants, three of whom serve without fees.

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c. In the past year, we have had only one referral--from a former OSR employee, [REDACTED] who retired over a year ago. The Office has had however, four or five referrals from CIA employees over the past few years.

d. Some of our division and branch chiefs are in touch with people in the academic world and their contacts we feel are fruitful.

This record is such that the proposed legislation would have little impact on OSR in these specific areas. We would not, however, want our options foreclosed and thus hope some safeguards will be included in the legislation.

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2. In addition we offer the following comments:

a. In order to assure that the Agency does not have to operate under more severe restrictions than other Federal Agencies in the domestic arena, transactions with former CIA employees elsewhere in government should be explicitly excepted from the prohibited "transactions" section of the proposed legislation. As drafted the provision could inhibit or prevent exchanges with former CIA employees such as [REDACTED] et al.

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b. In the past, embarrassment to the Agency has generally derived from the exposure in the press of Agency dealings with US groups or institutions that have been secretly or clandestinely conducted. In some cases, the clandestinity rather than the relationship itself, has been the focus of public criticism. In the interests of developing a better public relations image, the Agency has in recent years tended to be more open in those relationships and associations where there was no overriding necessity for secrecy. This is an area where legislation might play a useful role in providing guidelines for Agency activities without inhibiting the open and fruitful contacts the Agency maintains with former employees in academia or in the business world.

c. Another question which poses itself is how will this legislation affect the Agency's present right to protect its secrets by prosecuting ex-employees who violate voluntary oaths.

d. We in the DDI are particularly close to employees who return to teaching positions at US universities and very often undertake unclassified research projects on behalf of the Agency. These ex-employees provide a useful channel for the Agency to keep in touch with the latest technologies and intellectual thought in the academic world. This legislation could be interpreted to prevent this kind of association.

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[REDACTED]
E. H. KNOCHE
Director
Strategic Research

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IAS-181/73
6 November 1973

IAS


MEMORANDUM FOR: Associate Deputy Director for Intelligence

SUBJECT : Comments on Congressional Proposal

1. The proposal in question would have little direct impact on IAS activities. We have had virtually no contacts with former employees; we have no contract, part-time or consultant relationships with them, have had no exchanges with those in academia, and have not arranged through them participation in lectures, seminars, etc.

2. On the other hand, we share the concern that the proposal legislation goes too far in establishing a blanket restriction against Agency contact with former employees. Although some such restriction may be appropriate to preclude questionable operational relationships, it should be possible to define conditions or situations wherein certain kinds of contacts would be permissible. This would almost certainly require establishment of some form of review machinery which would ensure the Agency--and the Congress--that all such relationships are conducted within whatever legislative framework is established. That framework must recognize both the larger national interest--which would justify the relationship in the first instance--and the principle that the Agency not retain operational strings over former employees who may subsequently be employed in activities which could compromise the Agency's fundamental charter.

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GEORGE W. ALLEN
Director
Imagery Analysis Service

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5 November 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence

SUBJECT : Impact of Proposed Legislation Prohibiting Transactions with Former CIA Employees

REFERENCE : Your memo dated 1 Nov 73, Comments on Congressional Proposal

1. The impact on CRS of the proposed legislation that would prohibit transactions between former CIA employees and the Agency above and beyond purely routine administrative matters is minimal.

2. CRS has hired on a contract basis, several former employees to write history and perform related assignments. These former CRS employees were senior staff members with many years of CRS service; much of which was related to the development of early CRS programs. Their previous experience enabled them to research the files and prepare histories much quicker than more junior, less experienced, CRS employees. The Office history projects are almost completed. A former employee currently on board under contract is finishing up the last stages of the project.

3. CRS has no other similar activities that involve contacts with former employees. I do not anticipate any such programs in the future. Because of the rapid changes that occur in the "state of the art" in information storage and retrieval, I prefer to use as consultants, professors, information science specialists, and programmers from both the business and academic world rather than former CRS employees.

Working Paper--
Destroy After

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December 1974

CRS

SUBJECT: Impact of Proposed Legislation Prohibiting
Transactions with Former CIA Employees

4. CRS has received several requests for service from former CIA employees now working in private research institutes. These employees generally are engaged in projects under contract for the DoD. In each instance, these former employees have been directed to levy their requests for CRS service through their DoD contractors rather than coming directly to CRS for support.

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H. C. EISENBEISS
Director, Central Reference Service

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DDI-4762-73

5 November 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence

SUBJECT : Comments on Congressional Proposal

REFERENCE : Your memo to Office Directors, dated
1 November 1973, same Subject

1. The proposed legislation being developed by Congressman Nedzi's Special Subcommittee on Intelligence would not adversely affect current OBGI activities. However, OBGI should be free to contact its retired or transferred personnel whenever their special expertise is needed, whether crisis situations or routine substantive consultations are involved. I believe this Congressional proposal should either be dropped or else revised to specify the dark deeds not wanted, leaving legitimate areas of association between the Agency and its former employees unrestricted.

2. Specific comments on the activities you mention are as follows:

a. Hiring of contract and/or part-time employees

25X1A No OBGI activity is currently underway or planned, though this past summer we benefited from the services of a former employee who was under contract to [REDACTED]. We certainly should be free to solicit the services of experienced former employees at any time.

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b. Consultant relationships

Same comment as above.

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c. Using former staff employees as "spotters"

We do not have any formal arrangements of this sort and we anticipate none in the future.


d. Exchanges with former employees now in academia

Exchanges with former employees usually represent personal rather than business contacts. But, again, we would regard as unreasonable any blanket prohibition against exchanges or substantive contact with former colleagues in academia, or anywhere else.

e. Participation in academic seminars, lectures, etc., arranged through contacts with ex-employees

Such participation has not so far involved arrangements through ex-employees. But the option to make such arrangements should remain open if only for the obvious reason that an ex-employee may himself be the department head through whom arrangements must be channeled.

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JOHN KERRY KING
Director
Basic and Geographic Intelligence

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DDI-4773-73

5 November 1973

MEMORANDUM FOR: Associate Deputy Director for Intelligence
SUBJECT : Comments on Congressional Proposal

1. OCI does not have important consultant/contract relationships or "spotters," or exchanges that would be lost or seriously jeopardized by the proposed legislation. However, we do have good alumni relations in the academic community, at the National War College, other service schools, and various other places. We do not get hard returns from these contacts, but they do open the way for some public relations activities--lectures, panels, seminars, etc.--at places where it is important that Agency talent and experience should be recognized. We have had good success from these contacts and it would be altogether unfortunate if they were cut off.

2. The proposed legislation might also be aimed at limiting social contacts; this kind of restriction would be an embarrassment and also highly unpopular.

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RICHARD LEHMAN
Director of Current Intelligence

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